

# EXHIBIT C

## SENTENCES IN MORTGAGE FRAUD CASES NATIONWIDE

**Defendant sentenced to 200 months:** Feb/13/07 - Mortgage Fraud - E.D.NC - *United States v Davis* - Real estate "consultant" was sentenced to 200 months for mortgage fraud after being found guilty of conspiracy and a fraud scheme involving newly built houses. Defendant and others had defrauded mortgage lenders by submitting false and misleading documents, particularly HUD-1 settlement statements, to induce the lenders to make loans to borrowers. Among the false statements in these documents were inflated sales prices, backed by appraisals, down payments secretly provided by the seller, and hidden cash kickbacks. Davis and others had also defrauded individuals who were told they could "lease-to-own" the houses until their credit was repaired. These victims lost thousands of dollars in down payments and monthly payments they believed would be applied to a house purchase. They created fake sales prices for houses based on appraisals rather than a bargain between a real buyer and seller. Layton was sentenced to four months.

**Defendant sentenced to 336 months:** Sep/21/07 - Mortgage Fraud - NDGA - *United States v Hill* - Defendant perpetrated a massive mortgage fraud scheme and was sentenced to 28 years in prison and restitution of \$41,764,244.40. He was the owner and operator of numerous corporations, and held himself out to be a real estate developer, and either individually or through one or more of the corporations he controlled, purchased and sold numerous residential properties. Defendant oversaw the conspiracy, loan fraud, wire and mail fraud and money laundering activity related to mortgages obtained in the sale of over 50 homes and over 250 condominiums in eight condominium complexes.

**Defendant sentenced to 312 months:** Nov/16/07 - Mortgage Fraud - NDGA - *United States v Cox* . - Defendant was sentenced to 26 years, 4 months on charges of mortgage fraud, identity theft, passport fraud and violation of the terms of his probation and ordered to pay \$5,975,900 in Restitution and Forfeiture Judgment of \$6,000,000 in Assets. He rented or agreed to purchase properties from true owners, fraudulently erased prior mortgage liens and assumed the identity of the owners, and used a stolen identity or paid straw borrowers to obtain multiple mortgage loans on the same property. He then changed locations and committed similar mortgage fraud schemes in other states. He and his co-conspirators used stolen identities to execute the mortgage fraud, including identities of minor children and those he received from conducting what he termed "Federal Surveys" of homeless and drug rehab patients. Defendant also used these stolen identities to obtain drivers licenses and state identification cards, purchase vehicles, lease mail drops and virtual offices, rent apartments, open bank accounts and apply for credit cards, birth certificates and a passport used for travel to Jamaica, Italy, Greece and other foreign destinations while a federal fugitive.

**Defendant sentenced to 235 months:** Mar/5/08 - Mortgage Fraud - CDIL - *United States V Knox, et al* - Gary Knox, 61, of Decatur, IL, was sentenced to the maximum 235 months in prison for his role in a broad real estate "flipping" scheme. A hearing to determine restitution is set for May. Knox served federal time for a conviction in 1992 for a similar scam. Knox falsely

represented himself as a licensed real estate broker. During the course of the scheme, from 1999 to 2005, Knox and his co-defendants conducted more than 150 fraudulent sales and financing transactions totaling more than \$8 million in Decatur and Springfield, IL. Knox received more than \$4 million as a result of the scam.

**Defendant sentenced to 130 Months:** Mar/6/08 - Money Laundering - EDNC - *United States v. Ray* - Roger Dale Ray was sentenced to 130 months in prison for conspiring to launder money. Beginning as early as 1998 and continuing until 2006, Ray operated several businesses and owned dozens of real estate parcels. Ray's numerous businesses afforded him relationships with financial institutions that he and others used in order to launder funds derived from the distribution of cocaine by others and his making of false statements to federally insured financial institutions. Evidence reflected Ray's repeated efforts to secure real estate mortgage loans on the basis of false personal financial information. Ray, acting through a number of business entities, accumulated approximately forty pieces of real estate in the Triangle area. The plea agreement provided for the United States to seize and forfeit twenty-five pieces of real estate. Ray further agreed to pay the United States a \$3 million money judgment as part of his sentence. In issuing the sentence, the Judge found that Ray's crime involved the laundering of between \$7,000,000 and \$20,000,000. He further found Ray served as the organizer, leader, manager, or supervisor of criminal activity.

**Defendant sentenced to 200 months:** Mar/18/08 - Conspiracy / Fraud / Mortgage Elimination Scheme - NDCA - *United States v. Johnson et al* - Kurt F. Johnson and Dale Scott Heineman were sentenced for orchestrating a nationwide debt elimination scheme. Johnson was sentenced to 25 years imprisonment and Heineman was sentenced to 21 years, 8 months. The defendants were convicted earlier by a jury of multiple counts of fraud and conspiracy to commit fraud. From 2003 to 2005, Johnson and Heineman operated as the Dorean Group from offices in Union City and Newark, California. They orchestrated a mortgage elimination scheme whereby fraudulent documents were recorded as part of their clients' titles to make it appear as though mortgage lenders' secured interests in the properties were canceled when, in fact, the corresponding mortgage and home equity loans had not been fully repaid. At the direction of the Dorean Group, some of its clients used these fraudulently-generated "free and clear" titles to obtain hundreds of thousands of dollars in new home equity loans from lenders who were led to believe that the properties were unencumbered by loans. Clients who obtained new loans paid 50-75% of the funds to the Dorean Group. At least 20 lenders and as many as 3,500 homeowners throughout 35 states were victimized by Johnson, Heineman, and the Dorean Group. A Dorean Group "broker" charged with participating in the conspiracy, William Julian of Cayce, South Carolina, previously pleaded guilty to conspiracy to commit mail fraud, wire fraud, and bank fraud, and was sentenced to five years imprisonment.

**Defendant sentenced to 156 months:** Jul/31/08 - Mortgage Fraud - Minnesota - *United States v. Parish* The owners of Parish Marketing, a long-time Minnesota home builder, were sentenced for conspiring to commit mortgage fraud and money laundering in connection with a scheme involving approximately 200 residences and approximately \$100 million in loan proceeds. Michael Alan Parish was sentenced to 156 months in prison; Ardith Ann Parish was sentenced to

60 months; and Christopher David Troup, an agent for Parish Marketing, was sentenced to 120 months. The defendants, which also included the company, utilized "straw buyers" to purchase the properties built by Parish Marketing in several Twin Cities suburbs.

**Defendant sentenced to 200 months:** Mar/15/10 Mortgage Fraud- *United States v. Bernadel*. Bernadel was sentenced today to nearly 17 years in prison for his conviction on multiple counts for leading a mortgage fraud scheme in Phoenix that cost banks over \$9 million. Following the completion of his sentence, Bernadel, who has legal residence in the U.S., will be deported by DHS to his home country of Haiti. Bernadel was found guilty by a jury on 19 counts related to mortgage fraud, including Mail, Wire and Bank Fraud, and Transactional Money Laundering. He led a two-year conspiracy involving the purchase of 37 properties using fraudulent loan documents and receiving cash back at closing. Seven co-conspirators were also charged and have pleaded guilty for their involvement in the conspiracy. Bernadel and others fraudulently submitted mortgage loan applications, on behalf of straw buyers, under false pretenses, obtaining and disbursing the proceeds of fraudulently obtained loans, including directing portions of the proceeds to bank accounts in Bernadel's and other defendants' control. He prepared or directed others to prepare fraudulent loan applications misrepresenting salary, assets and liabilities. Bernadel used the proceeds from the fraud to live a lavish lifestyle including purchasing several expensive homes and luxury vehicles. He continued to engage in mortgage fraud while in custody after his conviction. The conspiracy resulted in a loss to lending institutions of approximately \$9,500,000.

**Defendant sentenced to 88 months:** Jan/29/09 - Mortgage Fraud - Arizona - *United States v. Sharpe* - Lutrell Sharpe was sentenced to 88 months in prison for leading a mortgage fraud scheme in Phoenix, AZ, San Diego, CA and Las Vegas, NV. Sharpe pleaded guilty to 25 counts related to mortgage fraud, including Mail and Wire Fraud, False Loan Applications, Using a Social Security Number Belonging to Another, Transactional Money Laundering and Conspiracy as part of a 37-count indictment related to his leadership of a 5-year conspiracy involving the purchase of 19 properties and 10 vehicles using fraudulent loan documents. The case against Sharpe and 11 others was based on an investigation by the IRS, Criminal Investigations Division and the U.S. Secret Service. The conspirators fraudulently submitted mortgage loan applications under false pretenses, obtaining and disbursing the proceeds of those loans, including directing portions of the proceeds to bank accounts in their control. The conspiracy resulted in a loss to lending institutions of \$2,500,000.

**Defendant sentenced to 63 months in prison:** Aug/30/10; Mortgage Fraud; Southern District of Florida; *United States v. Vitulano*, et. al. Jason Vitulano, the former branch manager for the Top Dot Mortgage Boca Raton branch, was sentenced to 63 months in prison. Vitulano had previously pled guilty to Counts 1 and 12 in the superseding indictment. Co-defendant and attorney Joseph Miller was sentenced to 18 months in prison after pleading guilty to the conspiracy. Miller had acted as the title agent on a number of closings on fraudulent mortgage loan deals set up by Vitulano and others. Co-defendant Steve Vento was sentenced to one year and a day after pleading guilty to conspiracy charges. Vento was a Top Dot client who submitted

fraudulent loan applications in order to obtain financing on real property he owned. Co-defendant Peter Hartofolis was sentenced to 27 months in prison for his role as a manager in the Top Dot Mortgage office in Boca Raton. Vitulano and his co-defendants were charged with conspiring to commit mail and wire fraud by submitting false mortgage loan applications to

**Defendant sentenced to 14 months:** Sept/27/10; Mortgage Fraud - NDTX - *United States V Clark* Andrew Kent Clark was sentenced to 14 months and five years of supervised release, as well as ordered to pay \$45,434.68 in restitution. In March 2007, Clark and his wife purchased a lot financed by a loan from City Bank. They began the process to finance the house with a mortgage loan which required Clark to verify assets. On June 8, 2008, Clark submitted a Personal Financial Statement to City Bank showing that he had \$750,000 in stocks and bonds, with total assets in the amount of \$1,750.350. City Bank required Clark to verify the stocks and bonds and on August 6, 2008, Clark provided City Bank with a document from Wells Fargo Investment that showed he had a brokerage account with a balance of \$602,211. Based on this information, City Bank made a mortgage loan to the Clarks. Subsequently, the Clarks defaulted on the loan and City Bank discovered that there was no investment account at Wells Fargo, and that Clark did not own any stocks and bonds. Clark admitted that he knowingly made a false statement to officers of City Bank, and that it resulted in the loss of \$45,434.68 to City Bank.

**Defendant sentenced to 84 months:** Sept/16/10; Wire Fraud / Bank Fraud / Identity Theft - NDCA - *United States v. Song* Nicole Song was sentenced to seven years in prison and ordered to pay \$1,645,789.23 in restitution for her fraud and identity theft scheme. Song pleaded guilty to charges of wire fraud, bank fraud, and aggravated identity theft. According to the plea agreement, Song admitted that she abused her position as the financial and real estate advisor for her victim by using the proceeds of multiple real estate refinancing for her own personal benefit. Song also admitted forging her victim's signature on one loan application, and using her victim's Social Security Number to obtain numerous fraudulent loans and credit cards. Song agreed at sentencing that the loss to the individual victim exceeded \$1.5 million, and that the losses to various banks exceeded \$140,000. The victim, who is 73 years old, has been forced to file bankruptcy as a result of these crimes. All six of the victim's properties that were refinanced by Song are in foreclosure proceedings.

**Defendant sentenced to 58 months:** Nov/8/10; District of Arizona; *United States v. Nero/Fife* Chris Nero, 44, of Tucson was sentenced to 58 months in prison by U.S. District Judge Cindy K. Jorgenson. Nero, also known as Christopher Sisneros, pleaded guilty to three counts of Felony Attempted Evasion of Income Taxes. Nero was originally indicted June 11, 2008, on charges related to his involvement in a mortgage fraud scheme. From 2003 through 2005, Nero and a co-defendant conspired to commit mortgage fraud in Tucson. Co-defendant, Roy Fife, a former real estate agent, is scheduled for guilty plea, sentencing and restitution hearing on December 12, 2010. Nero took part in a conspiracy to fraudulently submit mortgage applications on behalf of straw buyers under false pretenses. Nero then obtained and disbursed the proceeds of fraudulently obtained loans to bank accounts under his control or to others acting on his behalf.

The conspiracy resulted in losses to institutions of over two million dollars. In his plea agreement to the tax charges, Nero admitted he earned a total gross income of at least \$2.7 million dollars for the years 2001 through 2007. He also admitted he failed to file any income tax returns either personally or through his company, MIH Real Estate Investor's Inc., for tax years 2001 to 2008. In determining Nero's sentence, the court found he actively participated in a cash back mortgage fraud conspiracy that occurred over several years. The vast majority of Nero's total gross income during these years was generated from his involvement in the mortgage fraud conspiracy.

**Defendant sentenced to 90 months:** Jan/25/11; Mortgage Fraud; N.D. of Illinois; John Hemphill, 41, Chicago, Illinois, was sentenced to 90 months in federal prison for posing as a federal government official in a scheme to sell properties he did not own out from underneath the real owners. The defendant was convicted August 2010, of mail fraud and false impersonation of a federal official following a week-long trial. Hemphill was also ordered to pay restitution of \$166,910 at a hearing in Federal Court.

**Defendant sentenced to 120 months:** Jan/21/11 Mortgage Fraud; Dist. of Maryland; Robert Dewain Venson, 38, Fort Washington, Maryland, was sentenced by U.S. District Judge Alexander Williams, Jr., to 10 years in prison followed by three years of supervised release for mail and wire fraud, money laundering and failing to file tax returns in connection with a three year mortgage fraud scheme involving at least a dozen residential properties. Judge Williams also ordered Venson to pay restitution of \$2,060,021.76 and to forfeit \$892,368, his proceeds from the scheme. According to evidence presented at his two week trial, from 2004 to 2007, Venson negotiated the purchase of at least a dozen residential properties in Maryland and the District of Columbia, including houses in Hyattsville, Ocean City, Fort Washington and Salisbury, Maryland. Rather than purchase the properties in his own name, the evidence proved that Venson paid straw buyers to appear at the settlements posing as the buyers. Witnesses testified that Venson typically would represent to the straw buyer that he would pay the loan obligation. Venson inflated the price listed on the sales documents to an amount substantially larger than the actual price, causing the mortgage lender to provide funds for the purchase substantially in excess of the actual price. Venson misrepresented and concealed the true purchase price, his arrangement with the straw buyer and other information from the mortgage lender. Under this scheme, the trial evidence showed that Venson reaped \$892,368 from the scheme. Venson also failed to file individual federal income tax returns for 2004, 2005 and 2006 during the period of the scheme.